

# SOUTH DAKOTA Public Utilities Commission



TECHNOLOGY ON THE  
HORIZON

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# R.U.S. Program Overview



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## U.S.D.A. Rural Utilities Service

- The telecom program was an addition to the original Rural Electrification Administration, REA.
- The name was changed to R.U.S. in 1996 since electricity wasn't the only game in town.
- The program was expanded in 2002 to include funding specifically for implementation of Broadband Service.



# R.U.S. Programs - Wireless

- Traditional Telecom Program
- Distance Learning and Telemedicine Loan and Grant Program
- Broadband Loan and Grant Program



# Traditional Telecom Loan Program

- Typically, Local Telephone Companies are the borrowers.
  - Funding for wireless platforms is for cellular telephone service and is limited to the service area of the operating telephone companies. Funds may not be used to build facilities out of the incumbent telco service area.



## Distance Learning and Telemedicine Loan and Grant Program

- DLT Loan funds are available to build facilities to link schools and/or hospitals into networks to improve service access to rural residents.
- DLT Loan/Grant combinations are also available with a \$10.00 loan to \$1.00 grant ratio.
- Wireless platforms may be utilized to provide service.





## Distance Learning and Telemedicine Loan and Grant Program

- Eligible loan applicants include corporations, partnerships, consortiums and Tribal organizations.
- Loan interest rates are the current cost-of-money treasury rates.
- The loan term is typically for the depreciated economic life of the facilities being financed.



## Distance Learning and Telemedicine Grant Program

- DLT Grant funds are authorized each year and are available on a competitive nationwide application process.
  - The application time frame is limited each year.
  - Typical applicants are Hospitals, Colleges, and School Consortiums.
  - Technology platforms to be used may include wireless equipment.
  - Successful Grant Applicants have not yet been announced for 2004.





# Broadband Loan Program

- Loan funds authorized by Congress are available to applicants for construction of networks to provide broadband service to communities of less than 20,000 population per the U.S. Census of 2000.
- The current definition of broadband service is 200 kb/s in both directions, upstream and down.
- Wireless platforms are eligible.




# Broadband Loan Program

- Funds are loaned at the U.S. Treasury cost of money interest rates.
- Some funds are available at 4% interest for service to communities of 2,500 or less population with other qualifiers.
- The loan term is typically for the depreciated economic life of the facilities being financed.




# Broadband Loan Program

- Eligible loan applicants include cooperatives, corporations, LLC's, municipalities, and Tribal organizations. Individuals and partnerships are not eligible to apply for loan funds.
- Minimum loan amounts are \$100K with a \$7.5M Maximum applicable only to 4% funds.



# Broadband Loan Program


- Competitive ventures will be funded involving public notice of intent to compete in local markets.
- Market Surveys must be completed.
- A cash/credit support of 20% of the loan must be provided by the applicant.



# Broadband Loan Program

- Additional requirements are dependent upon loan applicant and community criteria.
- Application forms and instructions are available on the website:


[www.usda.gov/rus/telecom](http://www.usda.gov/rus/telecom)



# Broadband Loan Program

- In FY 2004, \$2.2B was available due to compounding and carryover of funds from previous years.
- Since the program roll-out in Jan. 2003, 33 loans have been made nationwide for funds totaling \$ 644,873,931.00.
- Loans to date to South Dakota companies total \$ 37,779,000





# Broadband Loan Program

- Of the 33 loans approved:
  - 10 were for DSL deployment
  - 9 were fiber-to-the-home projects
  - 6 were hybrid fiber-coax technology
  - 1 was for a licensed wireless application
  - 7 were for unlicensed wireless platforms



# Broadband Loan Program

- Loans for South Dakota Companies
  1. Mid-State Communications - Kimball
  2. Cheyenne River Sioux Tribe - Eagle Butte
  3. SANCOM - Woonsocket
- Loans for the "Dear Neighbor to the North" affecting South Dakota
  1. Extend America - Bismarck

Their application includes service areas in five states:  
North Dakota, South Dakota, Nebraska, Montana  
and Wyoming.



# Broadband Grant Program

- Community Connect Grant Funds have been made available for a nationwide competitive application process.
  - The application time frame is limited each year.
  - Eligible applicants exclude individuals and partnerships.
  - Technology platforms may be wireless.
  - These Grant Funds may be used only to serve communities without broadband service and a population of 2,500 or less per the U.S. Census.
  - Successful Grant applicants have not been announced for 2004.



# R.U.S. Program Assistance

- Most of SOUTH DAKOTA:
  - Mr. Wayne Ahlgren  
( good fella - my mentor )  
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- Southeast SOUTH DAKOTA
  - Mr. Kim Anderson  
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# U.S.D.A. Rural Utilities Service

Thank you for the opportunity to  
participate in this conference.

Questions??

( Call Wayne or Kim A. )

[www.usda.gov/rus/telecom](http://www.usda.gov/rus/telecom)